

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



July 3, 2003
#2398

Agenda ID

TO: PARTIES OF RECORD IN RULEMAKING 98-07-037

This is the draft decision of Administrative Law Judge Meg Gottstein. It will not appear on the Commission's agenda for at least 30 days after the date it is mailed. The Commission may act then, or it may postpone action until later.

When the Commission acts on the draft decision, it may adopt all or part of it as written, amend or modify it, or set it aside and prepare its own decision. Only when the Commission acts does the decision become binding on the parties.

Parties to the proceeding may file comments on the draft decision as provided in Article 19 of the Commission's "Rules of Practice and Procedure." These rules are accessible on the Commission's website at <http://www.cpuc.ca.gov>. Pursuant to Rule 77.3 opening comments shall not exceed 15 pages.

Consistent with the service procedures in this proceeding, parties should send comments in electronic form to those appearances and the state service list that provided an electronic mail address to the Commission, including Administrative Law Judge (ALJ) Meg Gottstein at meg@cpuc.ca.gov. Service by U.S. mail is optional, except that hard copies should be served separately on ALJ Gottstein and the Assigned Commissioner, and for that purpose I suggest hand delivery, overnight mail, or other expeditious methods of service. In addition, if there is no electronic address available, the electronic mail is returned to the sender, or the recipient informs the sender of an inability to open the document, the sender shall immediately arrange for alternate service (regular U.S. mail shall be the default, unless another means—such as overnight delivery) is mutually agreed upon). The current service list for this proceeding is available on the Commission's web page, www.cpuc.ca.gov.

/s/ Angela K. Minkin
Angela K. Minkin, Chief
Administrative Law Judge

ANG: avs

Decision **DRAFT DECISION OF ALJ GOTTSTEIN** (Mailed 7/3/2003)**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**

Order Instituting Rulemaking on the
Commission's Proposed Policies and Programs
Governing Energy Efficiency, Low-Income
Assistance, Renewable Energy and Research
Development and Demonstration.

Rulemaking 98-07-037
(Filed July 23, 1998)

**INTERIM OPINION ADOPTING PROCESS FOR ADDING
TECHNOLOGIES AND MAKING OTHER CHANGES TO
SELF-GENERATION INCENTIVE PROGRAM**

1. Introduction and Summary

By Decision (D.) 01-03-073, dated March 27, 2001, we adopted program incentives for demand-responsiveness and self-generation, pursuant to Public Utilities Code Section 399.15(b).¹ "Self generation" refers to distributed generation technologies (micro-turbines, small gas turbines, wind turbines, photovoltaics, fuel cells and internal combustion engines) installed on the customer's side of the utility meter that provide electricity for either a portion or all of that customer's electric load. Under the program adopted in D.01-03-073 financial incentives are provided to three different categories (or levels) of distribution technologies.

¹ D.01-03-073 has subsequently been corrected by D.01-04-048 and modified by D.01-07-028, D.02-02-026, D.02-04-004 and D.02-09-051, in response to petitions for modification.

Since initiating the self-generation program, we have received several petitions for modification that request an evaluation of additional technologies to include in the program and related program changes. By D.03-01-006, we determined that it would be more effective to establish a process by which the Commission could give careful consideration to proposed new technologies that does not rely on procedures related to petitions for modification. The Commission's Energy Division, in consultation with other Self Generation Working Group (Working Group) members, was directed to develop the details of such a process for our consideration.²

By today's decision, we adopt Energy Division's proposal with minor modifications. The evaluation process for our consideration of additional eligible technologies under the self-generation program will proceed as follows:

1. When an applicant contacts the program to add a technology to the program, the program administrator contacted will provide the applicant with the set of guidelines set forth in Attachment 2. The guidelines should be incorporated into future revisions of the program handbook. The program administrator will notify the applicant in writing concerning any deficiencies in the proposal, based on the guidelines. The applicant will modify its proposal, as necessary, to supply the

² The self-generation program administrators, working with the Energy Division, comprise the Working Group. The California Energy Commission has also participated in Working Group meetings on program coordination issues. Although the self-generation program serving San Diego Gas & Electric Company's (SDG&E) customers is administered by the San Diego Regional Energy Office, SDG&E also participates as an active Working Group member consistent with the Commission's direction in D.01-03-073. The Working Group meets on an as-needed basis to review program compliance and address coordination and consistency issues. *See also* D.02-02-026, pp. 15-17.

Working Group with the additional information requested under the guidelines. The guidelines will also be posted on the Commission and program administrator websites.

2. The program administrator will distribute copies of the applicant's proposal to the Working Group members. If the technology is introduced to all four program administrators simultaneously by an applicant, manufacturer, or distributor, the Working Group may designate one program administrator to sponsor the applicant's proposal.
3. The sponsoring program administrator will introduce the proposal for discussion at the Working Group's next regularly scheduled meeting following the applicant's submittal of all information required by the guidelines, so long as the information arrives at least 10 business days before the next Working Group meeting. The Working Group may seek additional information from the applicant or other resources, as needed.
4. The Working Group will develop recommendations on whether the new technology should be eligible to participate in the program, and at what incentive level. In presenting its recommendations, the Working Group should clearly discuss what alternatives and issues were considered, and the rationale for reaching the consensus recommendation including responses to the applicants' arguments if the Working Group does not adopt the proposal in whole or in part. If the Working Group does not reach unanimous agreement, the Group should prepare a report listing the majority and minority recommendations and describing the pros and cons of each. The Energy Division will specifically indicate whether it supports the majority or minority opinion, and why.
5. Prior to submitting Working Group recommendations to the Assigned Commissioner, the Working Group shall provide the applicant with a copy of the proposed recommendations. The applicant will have 5 (five) days to

- respond in writing to the recommendations before they are finalized by the Working Group and forwarded to the Assigned Commissioner. The submittal to the Assigned Commissioner should include a copy of the applicant's comments and discuss the Working Group's response to those comments.
6. The Energy Division will submit the Working Group recommendations to the Assigned Commissioner within 90 days after the new technology is presented at a Working Group meeting. This allows the Working Group two full meetings to evaluate the proposal, collect additional information, develop recommendations and consider the applicant's comments on those recommendations before finalizing its submittal to the Assigned Commissioner.
 7. As proposed by the Commission in D.03-01-006, the Energy Division/Working Group recommendations will be issued for comment via an Assigned Commissioner's Ruling (ACR). Comments will be due within 15 days of the ACR. Reply comments will be due within five working days after initial comments are filed. Energy Division's recommendations and parties' comments will be addressed subsequently by Commission decision.

As discussed in this decision, the evaluation process outlined above will also apply to other proposed program modifications, such as changes to incentive levels or proposals to include ancillary technologies (*e.g.*, absorption chillers and other waste heat devices). The Working Group itself may also propose changes to the program by developing recommendations and submitting them to the Commission for distribution and comment.

2. Energy Division's Proposal and Parties' Comments

Energy Division recommends a process that formalizes the Working Group's current evaluation of proposed new technologies, and affords applicants, distributors, and manufacturers the opportunity to present new technologies for Commission consideration without filing a petition for

modification. The process includes guidelines to assist applicants with their proposals, and establishes timeframes by which the applicant could expect the Energy Division/Working Group to submit recommendations to the Commission. Parties also have an opportunity to comment on those recommendations. The individual steps in the evaluation process and guidelines recommended by the Energy Division are presented in Attachment 1.

Opening comments on Energy Division's proposal were filed on May 5, 2003 by Pacific Gas and Electric Company (PG&E), Solel Solar Systems, LTD (Solel), Capstone Turbine Corporation (Capstone), Southern California Edison Company (SCE) and jointly by San Diego Gas & Electric Company and Southern California Gas Company (SDG&E/SoCal). SCE and RealEnergy, Inc. (RealEnergy) filed reply comments on May 12, 2003.

PG&E supports Energy Division's proposed evaluation process, arguing that it represents an overall improvement to the procedural vehicle of petitions for modification. However, PG&E requests two clarifications: First, whether the process would also apply to other categories of program changes, and second, whether it would apply to changes proposed by the Working Group itself. PG&E also suggests minor changes to the timeline and proposes additional information requirements under the guidelines.

In Capstone's view, the Energy Division's proposal unduly weights the influence of the Working Group in determining whether or not a new technology is deserving of program inclusion. Therefore, Capstone recommends that the applicant be advised of the Working Group's recommendations and have the right to file a Petition for Modification if the Working Group rejects its proposal in full or part. Capstone also recommends that the guidelines include a definition of what constitutes heat recovery and what constitutes heat use for the

purpose of determining the eligibility of heat recovery equipment for self-generation incentives.

Solel argues that the current procedure outlined by the Energy Division does not solicit sufficient input from the applicant. To address this, Solel proposes two modifications to the process. First, Solel proposes that the applicant itself should be permitted to introduce the proposal to the members of the Working Group. Second, Solel recommends that the Working Group provide the applicant a copy of the proposed recommendations before those recommendations are issued for comment, and allow the applicant five days to respond. Solel also urges the Commission to provide an accelerated path within the adopted process for consideration of its pending Petition for Modification.

RealEnergy supports Solel's proposals to solicit input from the applicant, and further recommends that Energy Division be the contact point for the applicant, rather than a program administrator.

SDG&E and SoCal believe that Energy Division's proposed process is reasonable and urge the Commission to adopt it, with one minor change. They request that the proposal be corrected to reflect SDG&E's continued participation in the Working Group.

SCE also supports Energy Division's proposal, but suggests minor revisions that it believes will better define the process. In response to Solel's comments, SCE supports the suggestion that the applicant be permitted to introduce its proposal to members of the Working Group. However, SCE argues that both Solel's and Capstone's request to learn of the Working Group's recommendations before they are issued for comment would not contribute to a streamlined process, and recommends that the Commission reject these modifications.

3. Discussion

Our goal today is to establish a process by which we can give careful consideration to proposed new technologies for the self-generation program. Petitions to modify do not facilitate such a process because the information presented to the Commission is, by definition, driven by the petitioners' submittal and the individual views of parties who elect to respond. We believe that Energy Division's proposal meets our goal with the minor modifications and clarifications discussed below.

First, we clarify that the process adopted today will also apply to any other type of proposed program modifications, including changes to incentive levels or proposals to include "ancillary" technologies (*i.e.*, absorption chillers and other waste heat devices) as an eligible cost. To date, we have addressed such proposals via the procedures related to petitions for modification, as we have for proposals to add technologies.³ We believe that the process established today for evaluating proposals to include new generation technologies lends itself to other types of program modifications as well. In addition, we also see no reason to limit that process to changes suggested by non-Working Group members. It should also apply to changes proposed by the Working Group itself, as suggested by PG&E in its comments.

In response to comments, we add clarifying language regarding our expectations if the Working Group cannot reach a unanimous recommendation. Under that circumstance, we direct Energy Division to distribute the

³ See D.02-04-004 and D.02-09-051. In addition, a draft decision addressing Capstone's Petition For Modification regarding the qualification of exhaust-fired absorption heat exchangers was issued for comment on May 5, 2003.

recommendation of the majority of the Working Group, along with a description of the minority position, with a discussion of the pros and cons of each. In addition, we add a few items to the list of information to be provided by the party proposing a change to the program. Of most significance is the need for the applicant to identify what incentive level is being requested and on what basis.

In considering the issues raised by Solel, we are not persuaded that both of Solel's suggested modifications to Energy Division's proposal are warranted. While we understand the desire of each applicant to personally present its proposal to the Working Group, we are concerned that adopting such a protocol could create both scheduling complexities for the Working Group and an overwhelm of requests for such appearances. Solel's main point is that the applicant should have a more interactive role in the process. We believe that this can be accomplished under Energy Division's proposal if the second of Solel's recommendations is adopted, *i.e.*, by granting the applicant the opportunity to respond to the Working Group recommendations before they are forwarded to the Commission. In our opinion, the resulting small delay in the timeline represents an acceptable trade-off for giving the applicant additional input into the process.

Capstone's suggested modification to the Energy Division proposal, on the other hand, does nothing to contribute to the development of a careful evaluation process that will avoid petitions to modify. In effect, it represents only a slight variation of the current process that has led to a series of such petitions. With the modification discussed above, the applicant will have four separate opportunities to communicate its views to the Commission: In its initial proposal, in response to the Working Group's proposed recommendations prior

to the distribution of those recommendations for comment, in comments filed on the Working Group's final recommendations and lastly, in comments on the draft decision. We believe that this provides the applicant, as well as other interested parties, ample opportunity to respond to the Working Group's recommendations and communicate their views to the Commission.

With respect to Capstone's request for definitions of heat recovery and heat use, we note that Capstone has raised this issue in its February 14, 2003 Petition for Modification of D.01-03-073. A draft decision on Capstone's Petition is circulating, and the issues raised therein will be addressed by separate Commission decision in this proceeding.

As SoCal and SDG&E point out, SDG&E has been and continues to be a very active member of the Working Group even though SDG&E is not one of the self-generation program administrators (the San Diego Regional Energy Office administers the program in SD&GE's service territory). SDG&E's continued participation is consistent with our direction in D.01-03-073, Ordering Paragraph 16: "SoCal shall convene a working group including PG&E, SCE, *SD&GE*, and the San Diego Regional Energy Office to select final program details for statewide implementation, as soon as possible." (Emphasis added.) Accordingly, we correct Energy Division's inadvertent omission of SDG&E from its description of Working Group members.

RealEnergy's recommendation would affect who directs the initial paperwork for any proposal, i.e., an Energy Division staff person versus a staff person working for a program administrator. We note that none of the program administrators objected to Energy Division's proposal. In our view, the approach reflected in Energy Division's evaluation procedures reasonably

utilizes program resources in a manner that avoids creating a paperwork bottleneck at the Commission.

Finally, we turn to Solel's request for expedited review of its proposal to include solar thermal electric technologies under the Level 1 (highest) incentive category. Solel's request was submitted on October 28, 2002 as a petition for modification of D.01-03-073. We note, as SCE did in its November 25, 2002 response, that Solel's petition does not provide sufficient information with which to evaluate its request. In particular, Solel provided no cost information related to solar electric thermal technologies and did not address the issue of fuel-switching, even though we have expressly stated in prior decisions that this information must be considered.⁴ Solel must submit this and other information required by the adopted guidelines before the Working Group and the Commission can evaluate its request. Once it submits this information, Solel's proposal will be evaluated according to the timeline set forth in our adopted procedures. Accordingly, we deny Solel's petition for modification without prejudice, and direct Solel to submit its request directly to the Working Group in accordance with today's adopted procedures and information guidelines. This direction extends to all petitions pending before the Commission as of the date of issuance of this decision, including the petition filed by the Department of General Services (DGS) on May 16, 2003.

Attachment 2 presents our adopted procedures and guidelines for the evaluation of proposals to add new technologies to the self-generation program, and other program changes.

⁴ See D.01-03-073 and D.02-09-051.

4. Comments on Draft Decision

The draft decision of Administrative Law Judge Meg Gottstein in this matter was mailed to the parties in accordance with Public Utilities Code Section 311(g)(1) and Rule 77.7 of the Rules of Practice and Procedure.

Comments were filed on _____. Reply comments were filed on _____.

5. Assignment of Proceeding

Loretta Lynch is the Assigned Commissioner, and Meg Gottstein is the assigned Administrative Law Judge in this proceeding.

Findings of Fact

1. Petitions to modify do not facilitate a careful consideration of new technologies for the self-generation program, or other program changes, because the information presented to the Commission is driven by the petitioners' submittal and the individual views of parties who elect to respond.

2. Energy Division recommends a process that formalizes the Working Group's current evaluation of proposed new technologies, and affords applicants, distributors, and manufacturers the opportunity to present new technologies for Commission consideration without filing a petition for modification. The process includes guidelines that will assist applicants with their proposals, establishes timeframes by which the applicant can expect the Energy Division/Working Group to submit recommendations to the Commission, and affords parties an opportunity to comment on those recommendations.

3. Energy Division's approach to handling the initial paperwork associated with a proposal would utilize program resources in a reasonable manner and avoid creating a paperwork bottleneck at the Commission.

4. Clarifying what should happen if the Working Group cannot reach a unanimous recommendation would improve Energy Division's proposal.

5. Additions to the proposed guidelines to applicants, as suggested in some of the comments, would provide information that is needed by the Working Group and Commission to evaluate the applicants' proposal.

6. Allowing each applicant to personally present its proposal to the Working Group could create both scheduling complexities for the Working Group and an overwhelm of requests for such appearances.

7. Granting the applicant the opportunity to respond in writing to the Working Group recommendations before they are forwarded to the Commission, as Solel suggests, gives the applicant additional input into the process and results in only a small delay in the proposed timeline.

8. Today's adopted evaluation process lends itself equally well to other types of program changes, such as modifications to incentive levels or proposals to include ancillary technologies (*e.g.*, absorption chillers and other waste heat devices) as an eligible cost.

9. None of the opening or reply comments suggest that the Working Group itself should not be able to propose program changes to the Commission, using the procedures described in today's decision.

10. The issues raised by Capstone in its February 14, 2003 Petition for Modification of D.01-03-073 are being addressed by a separate Commission decision in this proceeding.

11. Consistent with our directions in D.01-03-073, SDG&E has been and continues to be a member of the Working Group.

12. Solel's pending Petition for Modification of D.01-03-073 requests the Commission to include a new technology under the self-generation program, but does not contain sufficient information with which to evaluate the request.

13. Directing that all pending and future requests for program changes, such as Solel's and DGS's, be reviewed under today's adopted procedures will ensure that the Commission obtains sufficient information with which to conduct a careful review of such requests.

Conclusions of Law

1. As discussed in this decision, Solel's Petition for Modification of D.01-03-073 and DGS's Petition for Modification of D.01-03-073 should be denied without prejudice.

2. Energy Division's proposal for the submittal and evaluation of additional technologies under the self-generation program, as clarified and modified by this decision, should be adopted.

O R D E R

IT IS ORDERED that:

1. The procedures and information guidelines presented in Attachment 2 are adopted for the evaluation of proposals to add new technologies and make other changes to the self-generation program.

2. The Petitions of Solel Solar Systems (Solel) and Department of General Services (DGS) for Modification of Decision 01-03-073, filed on October 28, 2002 and May 16, 2003 respectively, are denied without prejudice. Solel and DGS may resubmit their requests directly to the Self-Generation Working Group (Working Group) via the evaluation procedures and using the information guidelines we adopt today.

3. All filings and comments submitted under the evaluation procedures shall be filed at the Commission's Docket Office and served electronically on all appearances and the state service list in this proceeding. Service by U.S. mail is optional, except that one hard copy shall be mailed to the assigned

Administrative Law Judge. In addition, if there is no electronic mail address available, the electronic mail is returned to the sender, or the recipient informs the sender of an inability to open the document, the sender shall immediately arrange for alternate service (regular U.S. mail shall be the default, unless another means—such as overnight delivery—is mutually agreed upon). The current service list for this proceeding is available on the Commission’s web page, www.cpuc.ca.gov.

This order is effective today.

Dated _____, at San Francisco, California.

ATTACHMENT 1**Energy Division's Proposed Evaluation Process and Guidelines
for Working Group Consideration of Additional Eligible Technologies Under
the Self-Generation Incentive Program****Steps To The Evaluation Process:**

1. When an applicant contacts the program to add a technology to the program, the program administrator will provide the applicant with a set of guidelines (see below). The program administrator will notify the applicant in writing concerning any deficiencies in the proposal, based on the guidelines. The applicant will modify its proposal, as necessary, to supply the Working Group with the additional information requested under the guidelines. The guidelines will also be posted on the Commission and program administrator websites.
2. The program administrator will distribute copies of the applicant's proposal to the Working Group members. If the technology is introduced to all four program administrators simultaneously by an applicant, manufacturer, or distributor, the Working Group may designate one program administrator to sponsor the applicant's proposal.
3. The program administrator will introduce the proposal for discussion at the Working Group's next regularly scheduled meeting following the applicant's submittal of all information required by the guidelines. The Working Group may seek additional information from the applicant or other resources, as needed.
4. The Working Group will develop recommendations on whether the new technology should be eligible to participate in the program, and at what incentive level. The Energy Division will submit the recommendations to the Assigned Commissioner within 90 days after the new technology is presented at a Working Group meeting. This allows the Working Group two full meetings to evaluate the proposal, collect additional information, and develop recommendations.
5. As proposed by the Commission in D.03-01-006, the Energy Division/Working Group recommendations will be issued for

comment via an Assigned Commissioner's Ruling (ACR). Energy Division suggests comments be due within 15 days of the ACR. Reply comments would be due within five working days after initial comments are filed. Energy Division's recommendations and parties' comments would subsequently be addressed by Commission decision.

Guidelines for Applicant's Submittal:

At a minimum, Applicant's submittal to the Working Group should respond to the following requests for information, with appropriate documentation:

1. What are the installed system costs (on a dollar per kilowatt basis), both average costs and with project examples included?
2. What is the market potential for the application of this technology to recovery waste heat for the production of electrical power, both in terms of customer classes and total potential in California? Describe how the technology is currently commercially available (including a list of vendors), and what warranty provisions are offered by those vendors (including warranty period and component coverage).
3. How would this application aid in peak load reduction and what is an average expected generation profile?
4. How would this application meet the waste heat recovery and reliability requirements for Level 3 incentives, assuming it was considered eligible for incentives under that category?
5. If applying for Level 1 incentives, how would the applicant provide assurance that this installation would continue to operate on renewable fuel and not engage in fuel switching? For solar technologies, how would solar thermal energy input be measured to calculate the percentage of non-renewable fuel use?

Applicants should promptly respond to any additional inquiries from members of the Working Group, including Energy Division, with respect to these and other issues related to the proposed new technology.

ATTACHMENT 2

Adopted Evaluation Process and Guidelines for Consideration of Additional Eligible Technologies Under the Self-Generation Incentive Program and Other Program Changes

Evaluation Process for Consideration of Proposed Program Changes: ⁵

1. When an applicant contacts the program to add a technology to the program, the program administrator contacted will provide the applicant with a set of guidelines (see below). The guidelines should be incorporated into future revisions of the program handbook. The program administrator will notify the applicant in writing concerning any deficiencies in the proposal, based on the guidelines. The applicant will modify its proposal, as necessary, to supply the Working Group with the additional information requested under the guidelines. The guidelines will also be posted on the Commission and program administrator websites.
2. The program administrator will distribute copies of the applicant's proposal to the Working Group members. If the technology is introduced to all four program administrators simultaneously by an applicant, manufacturer, or distributor, the Working Group may designate one program administrator to sponsor the applicant's proposal.
3. The sponsoring program administrator will introduce the proposal for discussion at the Working Group's next regularly scheduled meeting following the applicant's submittal of all information required by the guidelines, so long as the

⁵ The self-generation program administrators, working with the Energy Division, comprise the Working Group. The California Energy Commission has also participated in Working Group meetings on program coordination issues. Although the self-generation program serving San Diego Gas & Electric Company's (SDG&E) customers is administered by the San Diego Regional Energy Office, SDG&E also participates as an active Working Group member consistent with the Commission's direction in D.01-03-073.

information arrives at least 10 business days before the next Working Group meeting. The Working Group may seek additional information from the applicant or other resources, as needed.

4. The Working Group will develop recommendations on whether the new technology should be eligible to participate in the program, and at what incentive level. In presenting its recommendations, the Working Group should clearly discuss what alternatives and issues were considered, and the rationale for reaching the consensus recommendation including responses to the applicants' arguments if the Working Group does not adopt the proposal in whole or in part. If the Working Group does not reach unanimous agreement, the Group should prepare a report listing the majority and minority recommendations and describing the pros and cons of each. The Energy Division will specifically indicate whether it supports the majority or minority opinion, and why.
5. Prior to submitting Working Group recommendations to the Assigned Commissioner, the Working Group shall provide the applicant with a copy of the proposed recommendations. The applicant will have 5 (five) days to respond in writing to the recommendations before they are finalized by the Working Group and forwarded to the Assigned Commissioner. The submittal to the Assigned Commissioner should include a copy of the applicant's comments and discuss the Working Group's response to those comments.
6. The Energy Division will submit the Working Group recommendations to the Assigned Commissioner within 90 days after the new technology is presented at a Working Group meeting. This allows the Working Group two full meetings to evaluate the proposal, collect additional information, develop recommendations and consider the applicant's comments on those recommendations before finalizing its submittal to the Assigned Commissioner.
7. As proposed by the Commission in D.03-01-006, the Energy Division/Working Group recommendations will be issued for comment via an Assigned Commissioner's Ruling (ACR).

Comments will be due within 15 days of the ACR. Reply comments will be due within five working days after initial comments are filed. Energy Division's recommendations and parties' comments would subsequently be addressed by Commission decision.

Guidelines for Applicant's Submittal Regarding Consideration of Additional Eligible Technologies and Other Program Changes:

At a minimum, Applicant's submittal to the Working Group for consideration of additional eligible technologies should respond to the following requests for information, with appropriate documentation:

1. Provide a detailed system description of the proposed technology, listing all the required components necessary to generate electricity, relevant energy sources and a thermodynamic energy balance. Provide documentation on emissions characteristics and overall system efficiency.
2. What incentive level is being requested and on what basis? What are the installed system costs (on a dollar per kilowatt basis), both average costs and minimum and maximum and with specific project examples included?
3. What is the projected market potential (both number of sites/projects and output, both peak kW and energy kWh per year) for the application of this technology both in terms of customer classes and total potential in California? What is the potential of this technology for recovery waste heat applications?
4. Describe whether the technology is currently commercially available as defined in the program handbook (including a list of vendors), and what warranty provisions are offered by those vendors (including warranty period and component coverage).
5. Describe and include copies of any certifications or independent testimony done on the technology.
6. Can this technology meet the 30 kW minimum (if applying for Level 1) and 1.5 MW maximum project size requirement? In what sizes (kW) is it available?

6. How would this application aid in peak load reduction and what is an average expected generation profile?
7. Can this application meet the waste heat recovery and reliability requirements for Level 3 incentives, assuming it was considered eligible for incentives under that category?
8. If applying for Level 1 or Level 3-R incentives, how would the applicant provide assurance that this installation would continue to operate on renewable fuel and not engage in fuel switching? For solar technologies, how would solar thermal energy input be measured to calculate the percentage of non-renewable fuel use?

Applicants should promptly respond to any additional inquiries from members of the Working Group, including Energy Division, with respect to these and other issues related to the proposal. The evaluation process outlined above will also apply to all other proposed program modifications, including changes to incentive levels or proposals to include ancillary technologies (*e.g.*, absorption chillers and other waste heat devices.) Applicants that propose such changes should submit all of the information contained in the guidelines that is relevant to the proposal, and any additional information requested by the Working Group. The Working Group may also propose changes to the program by developing recommendations (majority and minority if appropriate) and submitting them to the Assigned Commissioner for distribution and comment, as outlined above.